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Date 6/10/93
Surname [REDACTED]

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APR 27 1993

Dear Applicant:

We have considered your application for recognition of exemption under section 501(c)(3) of the Internal Revenue Code.

The information submitted indicates that you were incorporated on [REDACTED], in the State of [REDACTED]. You have advised us that [REDACTED] stands for [REDACTED]. Your articles of incorporation state that you are organized for the following five specific purposes:

1. To provide assistance for individuals, groups and organizations in planning and promoting the growth and development of minority business enterprise (MBE) and women owned business enterprise (WBE). To build partnerships that effectively leverage resources and that have as their objective the enhancement of the economy and quality of life.
2. To provide professional assistance and counseling of all types, including business planning for individuals, organizations and their members where such counseling may be necessary to assist MBE/WBE firms in becoming more competitive in the real-estate, development and construction, marketplace by providing assistance in such areas as bonding, marketing, identification of bid opportunities, arrangements for joint venture opportunities, provision of specifications and drawings, assistance on the organization of new business starts and certification assistance. To also promote economic development through joint venture relationships with private, public and non-profit organizations for the benefit of the public.
3. Acting as an intermediary, where appropriate, between various MBE/WBE programs and between organizations and individuals which may be involved in any capacity in real estate, development, and construction.

- [REDACTED]
4. Acquiring charitable contributions and assistance capital including seed money, which may be necessary for the successful implementation of the corporation's stated objectives and goals in regards to real estate, development, and construction.
 5. To provide assistance for individuals, groups, and organizations in planning and executing successful educational development projects to the economically disadvantaged.

Your statement of activities in your application for exemption lists similar activities, but provides no specifics on how each program would be implemented. To date you have not undertaken any activities. You initially provided with your application an estimated budget for the years [REDACTED] and [REDACTED], but in your letter of [REDACTED], you withdrew that estimated budget, advising us that it only covered one specific program which now will not be undertaken. Also, in your letter of [REDACTED], you indicate that it does not appear that any of your programs will be implemented.

Your articles of incorporation contain an appropriate section 501(c)(3) purpose limitation, and an adequate dissolution provision meeting the requirements of section 501(c)(3).

Section 501(c)(3) of the Internal Revenue Code provides in part for the exemption from Federal income tax for organizations organized and operated exclusively for charitable or educational purposes.

Section 501(c)(3)-1(a)(1) of the Income Tax Regulations provides that in order to be exempt as an organization described in section 501(c)(3), an organization must be both organized and operated exclusively for one or more of the purposes specified in such section. If an organization fails to meet either the organizational test or the operational test, it is not exempt.

Section 1.501(c)(3)-1(c)(1) of the regulations provides that an organization will be regarded as "operated exclusively" for one or more exempt purposes only if it engages in activities which accomplish one or more of such exempt purposes specified in section 501(c)(3). An organization will not be so regarded if more than an insubstantial part of its activities is not in furtherance of an exempt purpose.

Revenue Procedure 84-46, 1984-1, C.B. 541, provides in part that exempt status will be recognized in advance of operations if proposed operations can be described in sufficient detail to

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permit a conclusion that the organization will clearly meet the particular requirements of the section under which exemption is claimed. A mere restatement of purposes or a statement that proposed activities will be in furtherance of such purposes will not satisfy this requirement. The organization must fully describe the activities in which it expects to engage, including the standards, criteria, procedures, or other means adopted or planned; and the nature of contemplated expenditures. Where the organization cannot demonstrate to the satisfaction of the Service that its proposed activities will be exempt, a record of actual operations may be required before a ruling or determination letter will be issued.

The information contained in your application for recognition of exemption, and information subsequently submitted, indicates that your organization contemplates activities in five broad areas, none of which have been carried on. You have indicated that it is not likely that any of the activities you have described will be carried on in the future. None of these activities have been described in sufficient detail to establish that you qualify for exempt status. Also, you have not presented proposed budgets which would assist us in determining whether or not you qualify for recognition of exemption under section 501(c)(3).

Based on the above, you have not established that you are operated exclusively for charitable purposes. Accordingly, you do not qualify for exempt status under section 501(c)(3) of the Code.

Contributions to you are not deductible under section 170 of the Code.

You have the right to protest our ruling if you believe that it is incorrect. To protest, you would submit a statement of your views, with a full explanation of your reasoning. This statement must be submitted within 30 days of the date of this letter and must be signed by one of your officers. You also have a right to a conference in this office after your statement is submitted. If you want a conference, you must request it when you file your protest statement. If you are to be represented by someone who is not one of your officers, he/she must file a proper power of attorney and otherwise qualify under our Conference and Practice requirements.

If you do not protest this proposed ruling in a timely manner, it will be considered by the Internal Revenue Service as a failure to exhaust available administrative remedies, Section 7428(b)(2) of the Code provides, in part, that a declaratory

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judgement or decree under this section shall not be issued in any proceeding unless the United States Tax Court, the United States Claims Court, or the District Court of the United States for the District of Columbia determines that the organization involved had exhausted administrative remedies available to it within the Internal Revenue Service.

If we do not hear from you within 30 days, this ruling will become final and copies will be forwarded to your key District Director. Thereafter, any questions about your federal income tax status should be addressed to that office. The appropriate State officials will be notified of this action in accordance with section 6104(c) of the Code.

Sincerely yours,

Signed for: [REDACTED]

[REDACTED]
Chief, Exempt Organizations
Rulings Branch 2

[REDACTED]
4/23/93

[REDACTED]
4-28-93